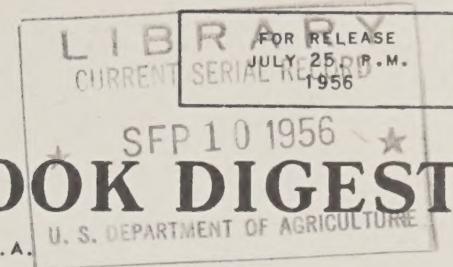


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# The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

WASHINGTON, D. C.

AMS

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Farm production is expected to drop from the record level of 1955 on the basis of conditions at mid-year.

Total crop output is likely to be down substantially. Reductions are in prospect for wheat, oats, barley, sorghums, tobacco, rice, hay and dry beans. Total production for deciduous fruits is estimated to be off 5%. Acreage of cotton in cultivation is down 3%.

The livestock picture is far different. Record production is in view for meat, milk, eggs, broilers and turkeys. In the last half of 1956, however, meat production will fall below 1955 level because of the reduced spring pig crop.

A steady rise in consumer income has boosted the U. S. market for farm products. Along with a strong export demand for some products and reduced supplies of others, this has contributed the steady rise in prices received by farmers so far this year. In mid-June, prices received by farmers averaged 11% above the December low and 2 1/2% above a year earlier.

Increasing economic activity pushed the value of the total output of goods and services to \$408½ billion (annual rate) in the second quarter. However, rising prices in farm, wholesale and retail markets accounted for part of this gain.

FARM INCOME. Farm operators realized net income in the first half of 1956 was at an annual rate of \$11.6 billion. This was half a billion above the rate for the second half of 1955 and about the same as in the first half.

Prices averaged lower in the first half of 1956 than in the same period of 1955, but a larger quantity of farm products were sold. Production expenses were about the same as a year earlier.

LIVESTOCK. Hog prices this fall are likely to be above 1955 with the largest margin at the year's end. Last spring's crop, most of which will be marketed this fall, was 8% below 1955.

A seasonal rise in prices of fed cattle is likely this fall. Farmers will market fewer than in the same period of 1955. But marketings of grass cattle will be up, indicating that prices are likely to stay below a year earlier for some time.

DAIRY. Farmers prices for milk and butterfat are expected to stay above a year earlier the rest of 1956 though by a smaller margin than in the first half. With production running higher, cash receipts this year are expected to total around the 1952 record of \$4.6 billion and about a tenth above 1955.

POULTRY AND EGGS. A production record is being set by the poultry industry this year. Broiler and turkey output is expected to top 1955 by 20% and 15%. Egg production is likely to be 2% or more above the 1955 peak.

The seasonal rise in egg prices is late in getting under way this year. The seasonal peak this fall probably will be earlier and lower than the 1955 high of 47.1¢ per dozen in December.

FEED. July 1 prospects indicate feed grain production this year will be down 7 million tons from last year but the carryover is expected to be up 5 million. Total feed concentrate supply is likely to be within 1% of the 1955-56 record of 197 million tons. Supply per animal will be a little larger since fewer livestock--mostly hogs--will be on farms.

Feed prices have been fairly stable the last 2 or 3 months after rising during the winter and spring. They are now generally close to a year earlier.

WHEAT. The crop, estimated in July at 922 million bushels, is about 30 million less than the amount used in the U. S. and exported in 1955-56. This points to the probability of a small reduction in the carryover on July 1, 1957. This would be the first reduction in stocks in 5 years.

FRUIT. A 5% smaller crop of deciduous fruits than last year is expected in 1956. Bigger crops of peaches, dried prunes, strawberries, fresh plums and pears are in prospect. But less grapes, apples, apricots and cherries are expected.

At the start of the new canning season on June 1, stocks of 9 canned deciduous fruits were 28% larger than a year earlier. Only apples and applesauce were down.

VEGETABLES. July 1 prospects indicated that total production of summer vegetables is up 4% from last year. The summer melon crop is down about 9%.

A slight gain over 1955 in the summer potato harvest was forecast as of July 1. The acreage for harvest this fall is just under that of 1955.

The sweetpotato crop in prospect is a fourth below last year. Prices in the 1956-57 marketing year probably will average much higher than in 1955-56.

COTTON. Acreage of cotton in cultivation on July 1 was smaller than the acreage harvested in any year since 1884. The total of 16,962,000 acres was 544,000 less than last year. First production estimate of the new crop will be published August 8.

Carryover of cotton on August 1 is expected to total about 14.7 million bales, 3 1/2 million more than a year earlier. More than 10 million probably will be held by CCC.

WOOL. Government payments to the individual producer under the 1955 incentive program will be 44.9% of the net received from sale of his shorn wool. The payment rate for pulled wool will be 77¢ per cwt. of live animals sold for slaughter.

TOBACCO. The 1956 flue-cured crop of 1,194 million pounds is down about a fifth from last year. Auctions for Georgia-Florida tobacco will open July 25 and those for other Belts later this summer.

FATS AND OILS. Supplies of food fats other than butter for 1956-57 are expected to total near last year's record. Output of lard and cottonseed oils will be down but soybean oils probably will be up. The carryover is likely to be smaller.